

# **Subcommittee on Financial Reform** Staff Report on Internal Auditor by James Ingram

**Table 1: Comparative Analysis of the Auditing Function in Large California Cities**

City	Pop'n, 2005	Form of Government	Auditing Officer	Elected or Appointed	Removal Process/Term	Officer Reports to:	Specific Powers
Los Angeles	3,844,829	Strong Mayor- Council	Controller	Elected	4-year term; public may recall officer.	Public	Extensive; Performance, management audits, industrial surveys, etc.
San Diego	1,266,753 <sup>1</sup>	Strong Mayor- Council	Auditor and Comptroller	Mayoral appointee confirmed by Council.	Mayor may dismiss, subject to Council's right to overturn dismissal upon officer's appeal within 10 calendar days of notification.	Mayor, due to Mayor's supervision of Manager.	Supervises accounts. Council must provide for annual audit by individuals independent of any connection with city.
San Jose	912,332	Council- Manager (weak mayor)	Auditor	Council appoints to 4-year term.	Early termination only for cause upon vote by 10 of the 11 Council members.	Council	Extensive performance audits.
San Francisco	739,426	Strong Mayor- County	Controller	Mayor appoints to 10-year term with confirmation by	Mayor may remove officer for cause with	Mayor	Extensive authority: performance

<sup>1</sup> The 2003 U.S. Census projection was used for this figure; an accurate figure for 2005 was unavailable.

		Board of Supervisors <sup>2</sup>	Auditor	Supervisors.	approval of 2/3 of Supervisors.		and service audits.
Long Beach	474,014	Council-Manager (weak mayor)		Elected	4-year term; may be recalled by voters.	Public	Auditor claims authority to do performance audits; charter actually grants officer limited authority.
Fresno	461,116	Strong Mayor-Council	Controller	Appointed by CAO with Council approval (CAO is appointed and removed by Mayor without Council role.)	Removal process unspecified.	CAO, and thus Mayor.	Manages Finance Dept., reporting annually. Council annually employs CPA to audit city.
Sacramento	456,441	Council-Manager (weak mayor)	Charter-provided Treasurer; Manager created an Auditor.	Council appoints Treasurer; Manager appoints Auditor.	Manager and Treasurer serve at Council's pleasure; Auditor serves at pleasure of Manager.	Council, ultimately.	Manager appoints independent CPA annually, with Council approval, to audit city.
Oakland	395,274	Strong Mayor-Council	Auditor	Elected	4-year term; may be recalled by voters. <sup>3</sup>	Public	Extensive including performance audits. Council must employ CPA

<sup>2</sup> San Francisco is a consolidated city-county, and thus the County Board of Supervisors is the legislative body.

<sup>3</sup> There is ambiguity in Oakland's Charter regarding the Auditor. The Auditor is supposed to be elected by exactly the same process as the Mayor; does this include the two-term limit placed on the Mayor? Compare Sections 302 and 403.

						annually for independent audit.
Santa Ana	340,368	Council-Manager (weak mayor)	Director of Finance	City Manager appoints officer with Council confirmation.	City Manager may remove. <sup>4</sup>	City Manager; reports go to Council via Manager.
						DOF pre-audits; Council appoints independent CPA annually to audit city finances.
Anaheim	331,804	Council-Manager (weak mayor)	Director of Finance	City Manager appoints officer after Council reviews and approves appointment.	City Manager may remove officer after Council review and approves removal.	City Manager
						DOF pre-audits; Council appoints independent CPA annually to audit city finances.
Bakersfield	295,536	Council-Manager (weak mayor)	Finance Director serves as Auditor-Controller.	City Manager appoints.	City Manager may remove.	City Manager
						Handles accounting system; reports annually on finance to Manager.
Riverside	290,086	Council-Manager (weak mayor)	Controller	City Manager appoints with Council approval.	Manager may remove or suspend without Council approval.	City Manager
						Audits demands, annually reports on finance; CPA annually employed by Council to

<sup>4</sup> See Section 408 of the Santa Ana City Charter, as well as Section 501, which render this issue ambiguous.

							audit city.
Stockton	286,926	Council- manager (weak mayor)	Auditor	Council appoints.	Auditor serves at Council's pleasure.	Council	Responsible for performance audits and special audits.

Both Table 1 and Table 2 were assembled based on a search of the city charters, administrative & municipal codes, and official city websites for all cities included.

**Table 2: Comparative Analysis of the Auditing Function in Large United States Cities**

City	Pop'n, 2005	Form of Government	Auditing Officer	Elected or Appointed	Removal Process/Term	Officer Reports to:	Specific Powers
New York City, NY	8,213,839	Strong Mayor- Council	Controller	Elected	4-year term	Public	Extensive audit authority.
Los Angeles	3,844,829	Strong Mayor- Council	Controller	Elected	4-year term; public may recall officer.	Public	Extensive; Performance, management audits, industrial surveys, etc.
Chicago, IL	2,842,518	Strong Mayor- Council	Treasurer	Elected	4-year term	Public	Establishes independent audit. <sup>5</sup>
Houston, TX	2,076,189	Mayor- Council (no mayoral veto)	Auditor	Elected	2-year term; two- term limit; public may recall the officer.	Public	Extensive; performance reviews authorized.
Philadelphia, PA	1,463,281	Strong Mayor- Council	Controller	Elected	4-year term; no term limit (Mayor is limited to 2 terms).	Public	Extensive, through management of Audit Dept; Council may employ CPAs for outside audit.

<sup>5</sup> Chicago does not operate under a home rule charter, but rather takes its governmental system from Illinois state codes. Ester R. Fuchs' award-winning book, *Mayors and Money: Fiscal Policy in New York and Chicago* credits Chicago's mayor-centered financial system with that city's avoidance of the fiscal crisis seen in NYC. Ester Fuchs was a leader in NYC Mayor Bloomberg's 2004 charter review committee that recommended changes to prevent the Big Apple from experiencing the woes that led to the city's period under control of the Municipal Assistance Commission, which recently ended.

Phoenix, AZ	1,461,575	Council-Manager (weak mayor)	Auditor	City Manager appoints	Auditor serves at pleasure of the Manager.	Manager	Auditor may verify warrants against city; Annual independent audit by CPAs required.
San Diego	1,266,753 <sup>6</sup>	Strong Mayor-Council	Auditor and Comptroller	Mayoral appointee confirmed by Council.	Mayor may dismiss, subject to Council's right to overturn dismissal upon officer's appeal within 10 calendar days of notification.	Mayor, due to Mayor's supervision of Manager.	Supervises accounts. Council must provide for annual audit by individuals independent of any connection with city.
San Antonio, TX	1,256,509	Council-manager (At-large council-member is the mayor)	City Internal Auditor	Council appoints.	No specified term; Council majority may dismiss at will.	Council	Financial, compliance & procedural audits-all city agencies and programs.
Dallas, TX	1,213,825	Council-Manager (At-large council-member is the mayor)	Auditor	City Council appoints, after consulting with a special auditor nominating commission.	2-year term.	Council	Same as San Antonio, but may audit for "economy and efficiency". Outside audit by Council-appointed CPA, annually.

<sup>6</sup> The 2003 U.S. Census projection was used for this figure; an accurate figure for 2005 was unavailable.

San Jose	912,332	Council-Manager (weak mayor)	Auditor	Council appoints to 4-year term.	Early termination only for cause upon vote by 10 of the 11 Council members.	Council	Extensive performance audits.
Detroit, MI	886,671	Strong Mayor-Council	Auditor General	Council appoints; included in Legislative Branch.	10-year term; one term limit. Council may remove for cause by 2/3 majority.	Council	Financial audits only.
Indianapolis, IN	784,118	Strong Mayor-City-County Council <sup>7</sup>	City Controller County Auditor	Mayor appoints City Controller; County Auditor is elected. <sup>8</sup>	County Auditor has 4-year term.	Unclear	Both officers appear to be budget officers rather than providing audit functions.
Jacksonville, FL <sup>9</sup>	782,623	Mayor-Council	Council Auditor	Council appoints.	Council may remove by majority.	Council	Conducts continuous audit; assists independent auditor appointed by Council.
San Francisco <sup>10</sup>	739,426	Strong Mayor-County Board of Supervisors	Controller	Mayor appoints to 10-year term with confirmation by Supervisors.	Mayor may remove officer for cause with approval of 2/3 of Supervisors.	Mayor	Extensive authority: performance and service audits.

<sup>7</sup> Indianapolis consolidated with Marion County to form a city-county whose government is called Unigov. The legislative body is the City-County Council.

<sup>8</sup> One source indicated that Council confirmation was required, another characterized the Controller as a Mayoral appointee.

<sup>9</sup> Jacksonville, Florida is the result of a merger of the city of Jacksonville with the rest of Duval County.

<sup>10</sup> San Francisco is a consolidated city-county, and thus the County Board of Supervisors is the legislative body.